

ADVERTISING / By KEVIN GOLDMAN

Philip Morris to Begin Testing Discount Cigarette Called Dave's

Philip Morris, in a bid to breathe new life into the flagging discount cigarette category, will begin quietly testing a new low-priced cigarette called Dave's in a little over a month.

Dave's is designed to compete in the generic and discount brand category, which has experienced a recent decline in market share.

Significantly, the assignment for advertising Dave's has been awarded to Young & Rubicam, the New York-based agency that has won in the last month alone several accounts with total billings of more than \$250 million. What makes the assignment especially noteworthy is that Chicago-based Leo Burnett, Philip Morris's lead agency on tobacco products, isn't involved.

That creates the possibility that Young & Rubicam could snare more Philip Morris tobacco projects if the Dave's test, which is expected to last about six months, is successful.

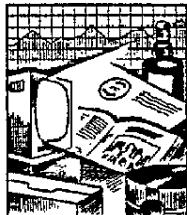
Philip Morris is introducing a new cigarette at a time when the tobacco business is under attack by federal lawmakers and regulatory officials. Philip Morris declines comment on the project, as does Young & Rubicam. However, an individual with knowledge of Dave's says Philip Morris "hasn't given up on manufacturing and marketing cigarettes. Tobacco remains a legal product, and Philip Morris will market it to the best of its ability."

Dave's is entering a tough market. Discount brands, such as Philip Morris's own Basic and Brown & Williamson's GPC, have been declining since so-called premium brands, such as Marlboro, lowered their prices last year. While premium brands have increased prices again, "they are nowhere near the levels they were before the original price cut," says Jack Maxwell of the Maxwell Report, a publication that follows the tobacco industry.

Discount brands account for 32% of the total cigarette market, says Mr. Maxwell, down from 42% when they were at their peak a year ago. Mr. Maxwell theorizes that Philip Morris is proceeding with testing Dave's "because they want to gain share" in every category.

According to the person with knowledge of the Dave's project, Philip Morris wants to try a discount brand "with more personality" than an uninspiring product like Basic. "Let's brand a low-end product with a signature," says this person. "It's an indication that the discount branding is here to stay."

The advertising isn't finalized yet, although Dave's won't feature a single



spokesman named Dave. Instead, the advertising will be more lifestyle-oriented, geared to both men and women.

Why Dave's? "It's something totally new for the category," says the person knowledgeable about the new brand. "It's a whole new approach to cigarettes and to advertising the product. It'll be up to the test market to decide whether it's a useful and smart strategy."

The advertising is said to have far more glitz than print ads for, say, Basic, which are produced by Burnett. Whereas Philip Morris spends \$100 million annually on such premium brands as Marlboro, it spends about a tenth that on Basic with ads on billboards that say "Your Basic Pleasure."

The advertising for the test market is said to be "minuscule," but could increase to as much as \$80 million if Dave's survives and goes national.

Burnett declines to comment on the Dave's assignment to Y&R. It is the first tobacco project for Y&R since it lost RJR Reynolds's Camel brand nearly three years ago with \$30 million in billings. Then, two Y&R executives resigned to form Mezzina/Brown, which remains Camel's ad agency.

In April 1992, Y&R was awarded an unspecified tobacco assignment from Philip Morris. At the time, Y&R said the new assignment covered "consumer and trade promotions, special projects and new product development." It wasn't more specific. Dave's is the first project to spring from the assignment.

Y&R, which is receiving applause within the industry for its Sears Roebuck advertising, is on a winning streak. Within the past month, it won AT&T's business in Asia and Latin America, valued at a total of \$100 million, and an assignment from Ford Motor to launch its minivan in Europe, a \$40 million assignment. In addition, it successfully defended the U.S. Postal Service account, valued at \$70 million to \$90 million.

Y&R will continue to handle so-called issue-oriented ads that serve as counterattacks in the controversy over second-hand smoke. Those print ads have the slogan, "In any controversy, facts must matter."

Dave's will be promoted through ads in local newspapers and billboards, but not magazines. Dave's is expected to be tested in at least two cities, reportedly Denver and Portland, Ore., although those locations are subject to change.

Clear Channel to Buy TV Station

SAN ANTONIO — Clear Channel Communications Inc. said it agreed to acquire WXXA-TV, from Heritage Broadcasting Co., of New York, for \$25.5 million.

WXXA-TV is the Fox television affiliate in Albany, N.Y.

Warner Will Scale Great Wall of China With Celluloid Hits

* * *
'Batman' and 'The Fugitive'
To Reach Huge Audience
By Speaking in Mandarin

By JOHNNIE L. ROBERTS
Staff Reporter of THE WALL STREET JOURNAL

Will "Batman" fly in Beijing? Will "The Fugitive" have legs in Shanghai?

In what is billed as a first for the American film industry, Warner Bros. studio and the Chinese government are betting the U.S. flicks, dubbed in Mandarin, will play as well as Coke before the world's largest consumer market. The Burbank-based studio unit of Time Warner Inc. said it reached a movie-distribution agreement with China's exclusive film-import agency, China Film Distribution, Exhibition, Export & Import Corp.

The first film is expected to appear within three months, and China Film and the studio will split the box-office revenue.

"We hope that, as the Chinese people gain greater access to Warner Brothers films, they will learn more about American culture and strengthen their bonds of communications and goodwill with the United States," Robert A. Daly and Terry Semel, the studio's chairmen and co-chief executive officers, said in a statement.

But the Chinese government will have a big voice in deciding what specific aspects of American culture reaches its 1.2 billion citizens. China Film will help select the films that Warner Bros. exports, the studio said.

Messrs. Daly and Semel said Warner Bros. also hopes the relationship will expand. The studio wants to assist China Film in the transfer of motion-picture technology. In addition, it wants to work with the Chinese film community on wider exposure for films produced by Chinese film makers.

The move into China represents a major leap in the Asian market for Warner Bros. The studio established Warner Asia this year to develop and distribute Asian-produced movies for the Asian market.

Targeted Genetics Tests Cleared

SEATTLE — Targeted Genetics Corp. said it received government approval for clinical testing of a new gene therapy for cystic fibrosis.

The National Institutes of Health Recombinant DNA Advisory Committee approved the testing, which involves a gene delivery system based on a modified human virus. The trial is in collaboration with investigators at the Johns Hopkins Children's Center in Baltimore.

Targeted Genetics is developing gene therapy products for the treatment of diseases.

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